



## **Independent auditors' report**

### **To the Board of Directors PL Engineering Limited,**

We have been appointed by the management of PL Engineering Limited ("the Holding company") to perform audit of the financial statements of its wholly owned subsidiary Punj Lloyd Engineering Pte. Limited, Singapore ("the Subsidiary"), solely to enable the Holding Company to prepare its consolidated financial statements.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the company, which comprise the statement of financial position at March 31, 2017, the statement of profit and loss and other comprehensive income, and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

### **Responsibilities of Management for the Financial Statements**

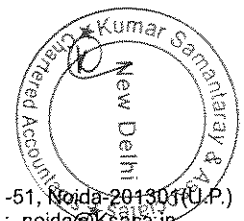
The management is responsible the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards (IFRS); for design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The management is responsible for overseeing the company financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements of the company give a true and fair view of the financial position as at March 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with IFRS.

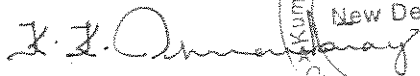

## **Other Matter**

As our opinion on these financial statements has been issued only for the specific purpose mentioned above, hence the same should not be distributed to or used for any other purpose.

**for Kumar Samantaray & Associates**

Chartered Accountants

FRN - 020310N

**CA. K. K. Samantaray**

Partner

ICAI Membership No. - 504362

**Place: Gurugram**

**Date: May 22, 2017**



PUNJ LLOYD ENGINEERING PTE LTD -SINGAPORE

Statement of financial position as on 31 March 2017

		SGD	SGD
	Note	31-Mar-17	31-Mar-16
<b>Non current assets</b>			
Plant & equipment	8	61,689	40,342
<b>Current assets</b>			
Trade receivables	11	2,746,579	1,439,339
Due from related parties		2,506,695	445,615
Due from customers	12	1,311,975	2,755,178
Other receivables	13	716,405	777,279
Fixed deposits	10	20,603	19,325
Cash and bank balance	9	182,405	167,937
<b>Total current assets</b>		<b>7,484,662</b>	<b>5,604,673</b>
<b>Current liabilities</b>			
Trade and other payables	14	5,357,243	1,356,576
Due to related parties	17	28,950	69,239
Other current liabilities	15	1,633,083	3,892,482
<b>Total current liabilities</b>		<b>7,019,276</b>	<b>5,318,297</b>
<b>Net current assets</b>		<b>465,386</b>	<b>286,376</b>
<b>Non current liabilities</b>			
Provision for employees' end of service benefits		279,426	228,326
<b>Total non current liabilities</b>		<b>279,426</b>	<b>228,326</b>
<b>Net liabilities</b>		<b>247,650</b>	<b>98,392</b>
<b>Share Capital</b>	7	1	1
Accumulated profits / (losses)		232,547	105,804
Foreign currency translation reserve		15,102	(7,413)
		<b>247,649</b>	<b>98,392</b>

For Kumar Samantaray & Associates  
Chartered Accountants  
FRN - 020310N

*K. K. Samantaray*

CA. K. K. Samantaray  
Partner  
ICAI Membership No. - 504362  
Place: Gurugram  
Date: 22.05.2017



For Punj Lloyd Engineering Pte Ltd -Singapore

*Mohan Giri Goswami*

Mohan Giri Goswami  
Authorised Signatory



PUNJ LLOYD ENGINEERING PTE LTD -SINGAPORE

Statement of change in equity for the year ended on 31 March 2017

	Share Capital	Accumulated (Losses) / Profits	Foreign Currency translation reserve	Total (SGD)
Balance as at 01/04/2015	1	(84,888)	(555)	(85,442)
Total comprehensive income for the year	-	190,692	(6,858)	183,834
<b>Balance at 31/3/2016</b>	<b>1</b>	<b>105,804</b>	<b>(7,413)</b>	<b>98,392</b>
Total comprehensive income for the year		126,743	22,515	149,257
<b>Balance at 31/3/2017</b>	<b>1</b>	<b>232,547</b>	<b>15,102</b>	<b>247,649</b>







PUNJ LLOYD ENGINEERING PTE LTD -SINGAPORE

Statement profit and loss and other comprehensive income for the year ended 31st March 2017

		SGD	SGD
	Note	FY 2017	FY 2016
Contract revenue	4	12,718,679	17,424,724
Contract cost		(11,283,413)	(17,187,127)
Gross profit		<u>1,435,266</u>	<u>237,597</u>
Other income	5	958,181	649
		<u>2,393,447</u>	<u>238,246</u>
Administrative, selling and general expenses		(2,266,704)	(47,554)
Profit(loss) before taxation		<u>126,743</u>	<u>190,692</u>
Taxation	6	-	-
Other comprehensive income			
Exchange difference on foreign operation		22,515	(6,858)
Total comprehensive income for the year		<u>149,257</u>	<u>183,834</u>

For Kumar Samantaray & Associates  
Chartered Accountants  
FRN - 020310N

*K. K. Samantaray*

CA. K. K. Samantaray  
Partner  
ICAI Membership No. - 504362  
Place: Gurugram  
Date: 22.05.2017



For Punj Lloyd Engineering Pte Ltd -Singapore

*Mohan Giri Goswami*

Mohan Giri Goswami  
Authorised Signatory



**PUNJ LLOYD ENGINEERING PTE LTD -SINGAPORE**

**Statement of cash flow for the year ended on 31 March 2017**

	SGD FY 2017	SGD FY 2016
Net profit(loss) for the year	126,743	190,692
<b>Adjustment for:</b>		
Foreign Exchange differences	29,522	(22,155)
Depreciation	39,666	14,721
Operating profit(loss) before working capital change	195,930	183,258
Change in provision for employees' end of service benefits	51,100	228,326
Change in trade and other receivables	(1,307,240)	974,211
Change in due from related parties	(2,061,080)	(280,565)
Change in other current assets	1,504,077	(779,178)
Change in trade and other payable	4,000,667	822,886
Change in due to related parties	(40,289)	(1,361,443)
Change in other current liabilities	(2,259,399)	181,997
<b>Net cash from(used in) operating activities</b>	<b>83,766</b>	<b>(30,508)</b>
<b>cash flow from investing activities</b>		
Acquisition of property, plant and equipment	(59,791)	(26,396)
<b>Net cash from(used in) investing activities</b>	<b>(59,791)</b>	<b>(26,396)</b>
<b>cash flow from financial activities</b>		
Bank fixed deposits placed, net	(1,278)	(1,229)
<b>Net cash from(used in) financial activities</b>	<b>(1,278)</b>	<b>(1,229)</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>22,697</b>	<b>(58,133)</b>
Cash and cash equivalent at the beginning of the year	167,937	212,013
<b>Effects of exchange rate changes on cash and cash equivalent</b>	<b>(8,229)</b>	<b>14,057</b>
Cash and cash equivalent at the end of the year	<b>182,405</b>	<b>167,937</b>

For Kumar Samantaray & Associates  
Chartered Accountants  
FRN - 020310N

*K. K. Samantaray*

CA. K. K. Samantaray  
Partner  
ICAI Membership No. - 504362  
Place: Gurugram  
Date: 22.05.2017



For Punj Lloyd Engineering Pte Ltd -Singapore

*Mohan Giri Goswami*

Mohan Giri Goswami  
Authorised Signatory



These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

## 1. Corporate Information

The Company is incorporated and domiciled in Singapore with its registered office and principal place of business at 9, Battery Road, #15-01 Straits Trading Building, Singapore 049910.

The principal activities of the Company are those of engineering and consultancy services.

There has been no significant change in the nature of these activities during the financial year.

This set of financial statements comprises of the Company's operations in Singapore and the operations of its Branch in Abu Dhabi.

The Company's branch is registered in the Emirates of Abu Dhabi in accordance with the provisions of the UAE Federal Commercial Law No. 2 of 2015. The principal activities of the Branch are administrative consultancies in on-shore and off-shore oil and gas fields services. The principal place of business of the Branch is located at PO Box 28907, Abu Dhabi.

There has been no significant change in the nature of these activities during the financial year.

### Immediate and Ultimate Holding Company

The Company's immediate holding Company is PL Engineering Limited., a company incorporated in India and its ultimate holding company is Punj Lloyd Limited, a company incorporated in India.

## 2. Significant Accounting Policies

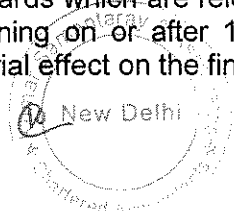
### (a) Basis of Preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "S\$") which is the Company's functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest one dollar, unless otherwise indicated.

### (b) Adoption of New and Revised Standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial period beginning on or after 1 April 2016. The adoption of these standards did not have any material effect on the financial statements.



## 2. Significant Accounting Policies - continued

### (c) Standards Issued but Not Yet Effective

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 April 2016, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

Except for FRS115, the directors expect that adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS115 is described below:

#### FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

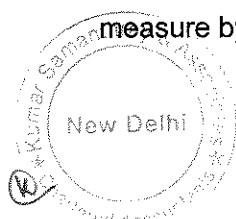
Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

### (d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before the revenue is recognised.

#### *Construction Contracts*

Revenue from construction contracts are recognised on the stage of completion method measure by reference to the progress of construction work.



## 2. Significant Accounting Policies - continued

### (e) Employee Benefits

#### (i) Defined Contribution Plan

The Company participate in the national pension schemes as defined by the law of the countries in which it has operations. In particular, the Singapore companies contribute to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore. The Company's contributions to CPF are charged to the profit or loss in the financial year to which the contributions relate.

#### (ii) Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to reporting date.

### (f) Income Taxes

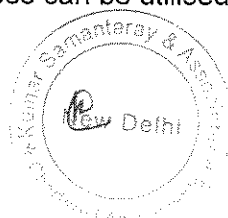
The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are not taxable or tax deductible. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the financial years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the reporting date. At each reporting date, the Company re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

### (f) Income Taxes - continued

The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or the entire deferred tax asset to be utilised.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax losses can be utilised.



## 2. Significant Accounting Policies - continued

### (g) Financial Assets

Financial assets, other than hedging instruments, if any, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loan and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of the financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date — the date on which the Company commit to purchase or sell the asset. All financial assets that are not classified as fair value through profit or loss are initially recognised at fair value, plus transaction costs.

De-recognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each reporting date to determine whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

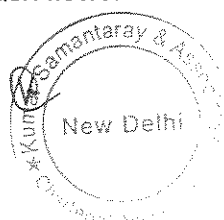
#### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are then classified as non-current assets.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Any change in their value is recognised in profit or loss. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date of the impairment is reversed. Any reversal is recognised in profit or loss.

Receivables are provided against when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of provision for impairment is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.





## 2. Significant Accounting Policies - continued

### (h) Impairment of Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

#### Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.



## 2. Significant Accounting Policies - continued

### (i) Plant and Equipment

The cost of plant and equipment comprises its purchase price and any directly attributable costs of bringing the plant and equipment to working condition for its intended use. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to the plant and equipment that has already been recognised is added to the carrying amount of the plant and equipment when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing plant and equipment, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the financial year in which it is incurred.

When plant and equipment are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit or loss.

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on the straight line method so as to write off the cost of the plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

	<u>Number of Years</u>
Computer and equipment	3 years

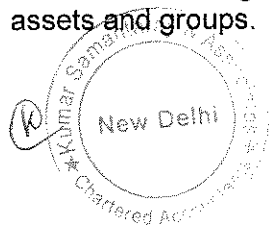
The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at the end of each financial reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use. An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

### (j) Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.



## 2. Significant Accounting Policies - continued

### (j) Impairment of Non-Financial Assets - continued

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognised. Reversal of impairment loss is recorded in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### (k) Financial Liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument. All interest related charges is recognised as an expense in "finance costs" in the profit or loss.

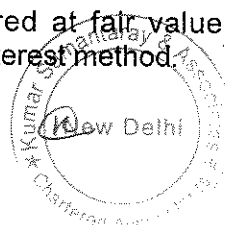
Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of borrowings using effective interest method.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Borrowings which are due to be settled within twelve months after the reporting date are in current borrowings in the reporting date even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date.

Borrowings to be settled within the Company's normal operating cycle are considered as current. Other borrowings due to be settled more than twelve months after the reporting date are included in the non-current borrowings in the reporting date.

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.



## 2. Significant Accounting Policies - continued

### (l) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand and bank balance with financial institutions which are subject to an insignificant risk of change in value.

### (m) Contract Work-In-Progress

Contract work-in-progress comprises contracts specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract cost incurred where it is probable those cost will be recoverable. Contract costs are recognised when incurred. When the outcome of a contract can be estimated reliably, contract revenue and contract cost are recognised by using the stage of completion method. The stage of completion is measured by the reference to the proportion of contract work performed and certified by the quantity surveyors, where applicable, to the estimated total costs of contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as contract work-in- progress. The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the financial year end. Where costs incurred and recognised profits (less recognised loss) exceed progress billings, the balance is shown as due from customers on contracts, under trade receivables. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on contracts, under trade payables.

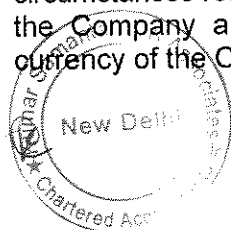
### (n) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### (o) Functional Currency and Foreign Currency Transactions and Balances

#### *Functional Currency*

Items included in the financial statements in the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The financial statements of the Company are presented in Singapore Dollars ("SGD"), which is the functional currency of the Company.



## 2. Significant Accounting Policies - continued

### Functional Currency and Foreign Currency Transactions and Balances- continued

#### *Foreign Currency Transactions and Balances*

Transactions in foreign currencies are translated into the functional currency using the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the rates ruling at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

#### (p) Related Party

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the Company if that person:
  - i. Has control or joint control over the Company;
  - ii. Has significant influence over the Company; or
  - iii. Is a member of the key management personnel of the Company or of parent of the Company.
  
- b) An entity is related to the Company if any of the following conditions applies:
  - i. The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member);
  - iii. Both entities are joint ventures of the same third party;
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - v. The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - vi. The entity is controlled or jointly controlled by a person identified in (a);
  - vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).



### 3. Critical Accounting Estimates, Assumptions and judgments

In the application of the Company's accounting policies which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual result may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year, or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

#### 3.1 Judgments in Applying the Company's Accounting Policies

##### Determination of Functional Currency

In determining the functional currency, judgement is required to determine the currency that mainly influences sales prices for sale of services and of the country whose competitive forces and regulations mainly determines the sales prices of its sales of services. The functional currency of the Company is determined based on management's assessment of the economic environment in which the entity operates and the entity's process of determining sales prices.

#### 3.2 Key Sources of Estimating Uncertainty

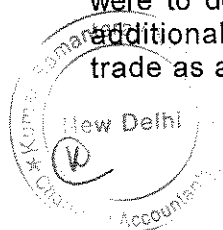
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### Useful Life of Plant and Equipment

The useful life of an item of plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Company's plant and equipment as at 31 March 2017 was \$61,689 (2016: \$40,342).

##### Impairment of Loans and Receivables

The impairment of trade and other receivables is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Company's trade as at 31 March 2017 were \$ 2,746,579 (2016: \$1,439,339).



**3. Critical Accounting Estimates, Assumptions and judgments - continued**

**3.2 Key Sources of Estimating Uncertainty - continued**

Construction Contract

The Company's branch recognises construction contract revenue and expenses in the profit and loss by using the stage of completion method. The stage of completion is determined by the proportion that contract cost incurred for work performed to date bear to the total estimated contract cost.

Significant judgment is required in determining the stage of completion, the extent of the construction contracts costs incurred the estimated total construction contracts revenue and costs, as well as the recoverability of the construction contracts receivables. In making the judgment, the Company's branch evaluates these based on the past experience and by relying on the works of specialist.

**4 Turnover**

Turnover represents income from construction contracts.

**5. Other Income**

	<u>2017 (\$)</u>	<u>2016 (\$)</u>
Foreign exchange gains		463
Interest income	69	-
Others	958,112	186
	<u>958,181</u>	<u>649</u>

**6. Taxation**

Current taxation on the result for the year

	<u>2017 (\$)</u>	<u>2016 (\$)</u>
	-	-

Reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate for the financial years ended were as follows:

	<u>2017 (\$)</u>	<u>2016 (\$)</u>
Profit before Taxation	126,743	190,692
Adjustments:		
Tax calculated at a tax rate of 17 % (2016:17%)	21,546	32,418
Effect of tax on elimination of overseas operations	(21,546)	(36,865)
Expenses not deducted/Income not added for tax purpose		4,447
Tax expense	<u>-</u>	<u>-</u>



**7. Share Capital**

	2017 (\$)	2016 (\$)
<b>Issued and fully paid</b>		
Balance at the beginning and end of financial year		
1 ordinary share	1	1

All issued ordinary shares have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual asset.

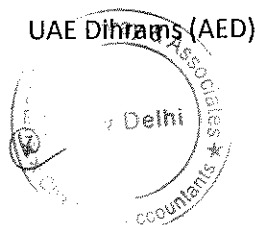
**8. Plant and Equipment**

	Computer and Equipment (\$)
<b>Cost</b>	
Balance as at 01.04.2015	30,658
Additions	26,396
Foreign Exchange difference	987
Balance as at 31.03.2016	58,041
Additions	59,791
Foreign Exchange difference	3,177
Balance as at 31.03.2017	121,009
<b>Accumulated Depreciation</b>	
Balance as at 01.04.2015	3,231
Charge for the year	14,721
Foreign Exchange difference	(253)
Balance as at 31.03.2016	17,699
Charge for the year	39,666
Foreign Exchange difference	1,955
Balance as at 31.03.2017	59,320
<b>Net Carrying Amount</b>	
Balance as at 31.03.2017	61,689
Balance as at 31.03.2016	40,342

**9. Cash and Bank Balances**

As at 31 March, the following amounts are included in the Company's cash and bank balances:

	2017 (\$)	2016 (\$)
Singapore Dollars	11,992	12,042
UAE Dirhams (AED)	170,413	155,895
	<u>182,405</u>	<u>167,937</u>





**10. Fixed Deposits**

The fixed deposit of \$20,603 (2016: \$19,325) is pledged as collateral for a commercial licence issued by the department of Economics Development, Abu Dhabi, for the setting up of a Branch. The fixed deposit is refundable upon the cancellation of the license.

The fixed deposits are denominated in UAE Dirhams (AED).

**11. Trade Receivables**

	<u>2017 (\$)</u>	<u>2016 (\$)</u>
Third Parties	1,870,180	1,181,517
Ultimate holding company	876,398	257,822
Related parties	2,506,695	445,615
	<u>5,253,274</u>	<u>1,884,954</u>

The average credit period on sale of services is 0 to 60 days (2016: 0 to 60 days). No interest is charged on trade receivables. The trade receivables are denominated in UAE Dirhams (AED).

**12. Due from Customers/Due to Customers**

The gross amount due from customers for contract work is presented as an asset for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. The gross amount due to customers for contract work is presented as a liability for all contracts in progress for which progress billings exceeds cost incurred plus recognised profits (less recognised losses).

**13. Other Receivables**

	<u>2017 (\$)</u>	<u>2016 (\$)</u>
Other receivables	135,317	-
Deposits	87,088	82,547
Advances	489,648	272,515
Prepayments	4,351	422,217
	<u>716,405</u>	<u>777,279</u>

The other receivables are denominated in UAE Dirhams (AED).

**14. Trade Payable**

	<u>2017 (\$)</u>	<u>2016 (\$)</u>
Third parties	5,357,243	1,040,064
Related parties	-	316,512
	<u>5,357,243</u>	<u>1,356,576</u>

The average credit period on purchase of services is 0 to 60 days (2017: 0 to 60 days). No interest is charged on trade payables. The trade payables are denominated in UAE Dirhams (AED)



**15. Other Payable**

	<u>2017 (\$)</u>	<u>2016 (\$)</u>
Accruals	803,010	2,274,659
Advances	830,073	1,617,823
	<u>1,633,083</u>	<u>3,892,482</u>

As at 31 March, the following amounts were included in the Company's other payables

	<u>2017 (\$)</u>	<u>2016 (\$)</u>
Singapore Dollars (SGD)	109	8,630
UAE Dirhams (AED)	1,632,974	3,883,852
	<u>1,633,083</u>	<u>3,892,482</u>

**16. Amount Due to Immediate Holding Company**

The amount due to immediate holding company is non-trade in nature, unsecured, interest free and is repayable on demand.

**17. Amount Due to Related Parties**

The amount due to related parties is non-trade in nature, unsecured, interest free and repayable upon demand.

**18. Significant Related Party Transactions**

In addition to the related party information disclosed elsewhere in the financial statements, the following are related party transactions during the financial year ended 31 March at terms and rates agreed between the parties:

Related party transactions with company in which there are common directors who has control and substantial financial interest:

	<u>2017 (\$)</u>	<u>2016 (\$)</u>
<b>Ultimate Holding Company</b>		
Revenue	4,458,046	5,875,367
<b>Related Companies</b>		
Revenue	1,087,460	3,543,619
Consultancy Charges (Cost of Sales)	587,614	13,451,716

**19. Contingent Liabilities**

The Company had contingent liabilities towards outstanding guarantees amounting to \$5,763,747 (AED14,985,742) (2016: \$6,419,935 (AED17,539,634)) at the end of the financial year.



## 20. Financial Risk Management

The main risks arising from the the Company's financial instruments are as follows:

### Market risk

#### **Price risk**

The Company has insignificant exposure to equity price risk as it does not hold any equity financial assets.

#### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their bank borrowings. The Company does not hedge its investment in fixed rate debt securities as they have active secondary or resale markets to ensure liquidity. It is the Company's policy to obtain the most favourable interest rate available whenever the Company obtains additional financing through bank borrowings.

#### **Foreign currency risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has no significant exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading and investment activities. The Company does not use derivative financial instruments such as foreign currency forward exchange contracts and currency options

The Company's currency exposure based on the information provided to key were as follows:

	2017 (\$)	2016 (\$)
<b>Financial assets</b>		
Cash and bank balances	170,413	155,895
Fixed deposits	20,603	19,325
Trade receivables	2,746,579	1,884,954
Other receivables (exclude advances & prepayments)	1,311,975	82,547
	4,249,570	2,142,721
<b>Financial liabilities</b>		
Trade payables	5,262,071	1,356,576
Other payables (exclude advances)	802,901	2,266,029
	(6,064,971)	(3,622,605)
Currency Exposure	(1,815,402)	(1,479,884)

If the following currencies strengthens/weakens by 5% against the Singapore dollars with all other variables held constant the Company's profit after tax for the financial year ended 31 March would increase/(decrease) as following:

	2017 (\$)	2016 (\$)
UAE Dirhams (AED)	(90,770)	(70,891)



## 20 Financial Risk Management - continued

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

### Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

#### (i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks which have high credit-ratings as determined by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

#### ii) Financial assets that are past due and/or impaired

The Company had trade receivables amounting to \$1,870,180 (2016: \$259,923) that were past due at the reporting date but not impaired. These receivables were unsecured and the analysis of their ageing at the reporting date was as follows:

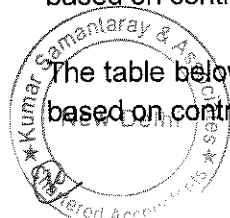
	2017 (\$)	2016 (\$)
Past due and impaired:		
Past due by 0 – 60 days	-	180,969
Past due by 61 – 90 days	-	29,282
Past due by Above – 91 days	-	49,672
	1,870,123	259,923

### Liquidity Risk

Liquidity risk arises in the general funding of the Company's business activities. It includes the risks of not being able to fund the business activities at settlement dates and liquidate assets in a timely manner at a reasonable price. The Company manages its liquidity risk by placing its cash and cash equivalents with reputable banks and financing its business activities through the use of funds from the shareholders.

The table below analyses the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted repayment obligations

The table below analyses the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted repayment obligations



20. Financial Risk Management – continued

	On demand or within 1 year	
	2017 (\$)	2016 (\$)
<b>Financial assets</b>		
Cash and bank balances	182,405	167,937
Fixed deposits	20,603	19,325
Trade receivables	2,746,579	1,884,954
Other receivables (exclude advances & prepayments)	1,311,975	82,547
<b>Total undiscounted financial assets</b>	<b>3,084,904</b>	<b>2,154,763</b>
Trade payables	5,357,243	1,356,576
Other payables (exclude advances)	1,082,436	2,274,659
Amount due to immediate holding company	32,341	32,341
Amount due to related parties	-3391	36,898
<b>Total undiscounted financial liabilities</b>	<b>6,468,629</b>	<b>3,700,474</b>
<b>Total net undiscounted financial liabilities</b>	<b>(3,383,725)</b>	<b>(1,545,711)</b>

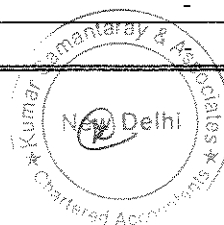
21. Financial Instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. The carrying amount of the financial assets and financial liabilities approximate their fair values. The Company does not anticipate that the carrying amounts recorded at statement of financial position date would be significantly different from the values that would eventually be received or settled.

(a) Classification of Financial Instruments

The following tables set out the classification of financial instruments at the end of the reporting financial years:

2017	Loans and receivables (\$)	Liabilities at amortised cost (\$)
<b>Financial Assets</b>		
Cash and bank balances	182,405	-
Fixed deposits	20,603	-
Trade receivables	5,253,274	-
Other receivables	87,088	-
	<b>5,543,371</b>	<b>-</b>
<b>Financial Liabilities</b>		
Trade payables	-	5,357,243
Other payables	-	1,082,436
Amount due to immediate holding company	-	32,341
Amount due to related parties	-	-3391
		<b>6,468,629</b>



**21. Financial Instruments - continued**

2016	Loans and receivables (\$)	Liabilities at amortised cost (\$)
<b>Financial Assets</b>		
Cash and bank balances	167,937	-
Fixed deposits	19,325	-
Trade receivables	1,884,954	-
Other receivables	82,547	-
	2,154,763	-
<b>Financial Liabilities</b>		
Trade payables		1,356,576
Other payables		2,274,659
Amount due to immediate holding company		32,341
Amount due to related parties		36,898
	-	3,700,474

**22. Capital Risk Management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

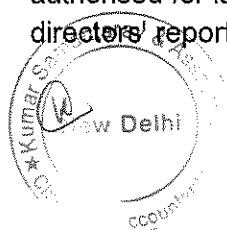
The Company is not subject to externally imposed capital requirements. The management monitors capital based on a gearing ratio. There has been no change in the objectives, policies and processes since last financial year.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as trade and other payables less cash and bank balances. Total capital is calculated as summation of total equity plus net debt.

	2017 (\$)	2016 (\$)
Debt	6,990,326	5,136,300
Less: Cash and bank balances	(182,405)	(167,937)
Net debt	6,807,921	4,968,363
Total equity	247,650	98,392
Total capital	7,055,570	5,066,755
Gearing ratio	96%	98%

**23. Authorisation of financial statements for issue**

The financial statements of the Company for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors issued on the date of the directors' report



### Detailed Profit and Loss Account

	2017 (\$)	2016 (\$)
Turnover	12,718,679	17,424,724
Cost of sales	(11,283,413)	(17,187,127)
<b>Gross profit</b>	<b>1,435,266</b>	<b>237,597</b>
<b>Other income</b>		
Foreign exchange gains	-	463
Interest income	69	-
Others	958,112	186
	<b>958,181</b>	<b>649</b>
<b>Other operating expenses</b>		
Audit fees	9,401	20,306
Bad debts	397,446	-
Bank charges	22,973	135
Depreciation of plant and equipment	39,666	10,007
Foreign exchange losses	(7,453)	597
General expenses	905,340	-
Legal and professional charges	640,474	13,268
Rental	92,521	-
Staff salaries	-	3,241
Travelling, conveyance and vehicle expenses	166,336	-
	<b>(2,266,704)</b>	<b>(47,554)</b>
<b>Profit before taxation</b>	<b>126,743</b>	<b>190,692</b>

*The above statement does not form part of audited financial statement.*

